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SIPDIS  
HONG KONG FOR JOHN VERSOSKY

E.O. 12958: N/A  
TAGS: [ETTC](#) [KOMC](#) [HK](#)  
SUBJECT: BLUE LANTERN LEVEL 3: POST-LICENSE/PRE-SHIPMENT  
END-USE CHECK ON LICENSE 050207857

1. This is an Action Request. See paragraph 4.

2. The Department's Office of Defense Trade Controls Compliance (PM/DTCC) requests Post's assistance in conducting a post-license/pre-shipment check on license 050207857 for the export of grenade and grenade launchers to Hong Kong. Post is requested to complete this Blue Lantern check within 30 days. Lack of response to a Blue Lantern check will affect pending and future licenses involving parties to this license.

3. Reason for Request: Foreign consignee Props Co. Ltd. has appeared on several past licenses but has never been subject to a Blue Lantern check. This request is for Post to establish the bona fides of this transaction and the parties involved.

4. Action Request: Post is requested to establish the bona fides of this transaction and Props Co. Ltd. by making inquiries to representatives of the company and appropriate authorities of the Government of Hong Kong. The following points are included for guidance:

(To Props Co. Ltd.)

--When was your company established and who are its principals?

--What products and services does your company provide? Who are your regular customers and where do they reside?

--What are your annual sales of U.S.-origin defense articles?

--Do you sell defense articles to customers that reside outside Hong Kong? If so, who are these customers and where do they reside?

--What is your role in this transaction? Please describe the exact services you are providing. How are you being compensated for these services?

--Please provide all documentation you received from the ultimate end-user of these items (e.g. purchase order and/or contract).

--Will you ever have physical possession of these items? If so, please describe your security facilities and procedures.

--Are you familiar with the regulations governing the import and brokering of U.S.-origin defense articles, including restrictions on unauthorized re-transfer or re-export and the requirement for brokers to register with the U.S. Department of State?

(To Hong Kong SAR Immigration Department)

--Can you confirm that your agency ordered the defense articles listed on this license? Please provide all documentation you issued for this transaction.

--Can you verify the exact types and quantities of defense articles your agency ordered in this transaction? For what will these items be used?

--What role is Props Co. Ltd. playing in this transaction? Will your agency compensate the company in any way? If so, please describe the services the company provides and the terms under which they will be compensated.

--Will Props Co. Ltd. ever have physical possession of these items?

(To Appropriate Import/Export and/or Law Enforcement Authorities)

--Is Props Co. Ltd. properly authorized to import, broker, and/or sell defense articles in Hong Kong?

--Do you have any information on Props Co. Ltd. that would call in to question their reliability as a recipient of U.S. defense articles?

In its reply, Post may also comment on any other information pertinent to these transactions such as security of facilities, end-use, and concerns about the entities involved.

#### 15. Details of license applications:

DTC Case: 050207564

#### QUANTITY/COMMODITY:

4 Single Shot 37mm Grenade Launchers

40 Foam Baton Cartridges, 37mm

40 Muzzle Blast Cartridges, 37mm

40 Flameless Expulsion CS Grenades

License Value: USD \$3,700

#### SELLER:

Combined Systems Inc.  
98 Cuttermill Road, Suite 231  
Great Neck, NY 11021

#### FOREIGN INTERMEDIATE CONSIGNEE:

Props Co. Ltd.  
Unit 7, Lower G/F, Full Wing Building 436-450 Chatham Road  
North  
Hung Hom, Kowloon  
Hong Kong  
Tel: (852) 2765-8266 / 2764-9930  
Email: props@netvigator.com

#### FOREIGN END-USER:

Hong Kong SAR Immigration Department  
Immigration Tower  
7 Gloucester Road  
Wan Chai, Hong Kong

#### PURPOSE:

For Riot and Crowd Control

#### 16. Submitted in support of the license application were the

following documents (PM/DTCC will fax documentation to Posts upon request):

DSP-83 Nontransfer and Use Certificate signed by Jacob Kravel (Combined Systems) dated 01/05/2010; Ho Ying Hang (Props) dated 12/04/2009; and Yu Mei-kow (Immigration Department) dated 11/09/2009

Purchase Order issued by Props Co. Ltd. signed by Eddie Ho dated 12/21/2009

International Import Certificate No. 9053 issued by Government of Hong Kong Special Administrative Region signed by L. L. Chau dated 11/19/2009

17. Please slug reply for PM/DTCC - BLUE LANTERN COORDINATOR and include the words "Blue Lantern" and the case number in the subject line. POC is Kyle M. Ballard, Phone: 202-663-1929; Email: BallardKM@state.gov; SIPRNET: BallardKM@state.sgov.gov. The Blue Lantern Guidebook (ref) is available as a PDF file on Intellipedia: [http://www.intelink.gov/wiki/Blue\\_Lantern\\_End-Use\\_Monitoring\\_Program](http://www.intelink.gov/wiki/Blue_Lantern_End-Use_Monitoring_Program)

18. Department is grateful for Post's assistance in this matter.  
CLINTON